

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 IGA-02 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PA-04

USIA-15 PRS-01 DRC-01 /120 W
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R 202215Z MAY 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 150

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DEPT FOR AID

EO 11652: N/A

TAGS: EGEN, EAID

SUBJ: ANDEAN PACT: TECHNICAL ASSISTANCE TO JUNTA

REF: A. STATE 235688; B. LIMA A-101; C. STATE 100659

1. SUMMARY: JUNTA HAS FORMALLY REITERATED REQUEST FOR DEVELOPMENT ASSISTANCE. DETAILED DISCUSSIONS ON T.A. PROJECT GETTING UNDER WAY THIS WEEK. FY-75 FUNDING OF UP TO \$200,000 IS TENTATIVE BASIS OF NEGOTIATION, NOT COUNTING SEMINAR PROGRAM. LATTER TO BE CONSIDERED SEPARATELY AT LATER STAGE. END SUMMARY.

2. BACKGROUND:

A. REGIONAL INTEGRATION OFFICER COMMUNICATED TERMS OF REFERENCE FOR ASSISTANCE DISCUSSIONS TO JUNTA IN DECEMBER 1973 IN LINE WITH REFTEL A. RESPONSE WAS POSITIVE, BUT JUNTA DID NOT FOLLOW THROUGH WITH REQUIRED DOCUMENTATION. REASONS WERE SEEMINGLY THE FOLLOWING. FIRST, AVAILABILITY OF ALREADY NEGOTIATED ASSISTANCE FROM OTHER SOURCES; SECOND, EXTREME PREOCCUPATION WITH IMMEDIATE AND CRI-
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TICAL WORK PROGRAMS; AND THIRD, DESIRE TO HOLD OFF ON

NEW NEGOTIATIONS WITH FOREIGN GOVERNMENTS UNTIL AFTER VENEZUELA'S FULL INCORPORATION INTO ANDEAN DECISION MAKING PROCESS.

B. AS IT STANDS NOW, COMMISSION PRESSING JUNTA FOR CONCLUSION OF STUDIES AND PREPARATION OF PROGRAM PROPOSALS IN ALL REMAINING INDUSTRIAL SECTORS (SEE REPAIR B FOR JUNTA'S WORK PROGRAM). NEED FOR TECHNICAL EXPERTISE IS BECOMING CRITICAL AND SOME OF IT, ACCORDING TO JUNTA OPINION, FOR ALL PRACTICAL PURPOSES ONLY AVAILABLE FROM THE U.S. FINALLY CONCURRENCE OF ALL MEMBER GOVERNMENT WITH "SPIRIT OF TLATELOLCO" ENCOURAGES JUNTA TO SEEK CLOSER COOPERATION WITH USG.

C. MOST IMMEDIATE T.A. NEED CONCERNS ELECTRONIC INDUSTRY PROGRAM PROPOSAL, WHICH IS TO BE PRESENTED BY SEPTEMBER. IN ADDITION TO FINANCIAL NEED IS NEED FOR INFORMATION ABOUT WAYS TO LOCATE BEST QUALIFIED U.S. TECHNICIANS. JUNTA IS ON OCCASION SEEKING MISSION ASSISTANCE IN LOCATING U.S. CONTRACTORS FOR U.S. FINANCED ASSISTANCE PROGRAMS.

3. JUNTA'S SPECIAL CIRCUMSTANCES

A. THE JUNTA HAS ITS MANDATE SPELLED OUT IN AGREEMENT OF CARTAGENA, BUT HAS CONSIDERABLE UNCERTAINTY IN MONTH-TO-MONTH OPERATION DUE TO UNPREDICTABLE COMMISSION REACTION TO PROPOSALS. MORE AND MORE BACKGROUND INFORMATION IS REQUIRED TO SUBSTANTIATE OR MODIFY PROPOSALS. COUPLED WITH LIMITED STAFF RESOURCES, THIS KEEPS LARGE PART OF JUNTA OPERATION ON TIGHT, SHORT-TERM SCHEDULE. SOME FOREIGN ASSISTANCE GRANTS ARE NOT BEING UTILIZED BECAUSE THEIR CONDITIONS ARE NOT COMPATIBLE WITH THIS FORM OF OPERATION.

B. JUNTA'S OPTIONS ALSO LIMITED IN POLITICAL SENSE. FOR EXAMPLE, AT MAY 16-17 MEETING OF ECONOMIC AND SOCIAL ADVISORY COUNCIL, WHICH REPRESENTS BUSINESS AND LABOR, A VENEZUELAN LABOR REPRESENTATIVE ACCUSED JUNTA IN CLOSED-DOOR SESSION OF BEING INFLUENCED BY FOREIGN CORPORATIONS LIMITED OFFICIAL USE

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IN INDUSTRIAL DEVELOPMENT PLANNING. JUNTA-U.S. RELATIONS, INCLUDING WORDING OF T.A. AGREEMENT, WILL HAVE TO BE WELL CALIBRATED TO CONVEY THEIR TRUE INTENT WITHOUT DANGER OF DISTORTED INTERPRETATION. ALTHOUGH JUNTA HAS REACHED POLICY DECISION TO EXPAND JUNTA-U.S. COOPERATION TO EXTENT FEASIBLE, ITS EXPOSED POSITION AS ECONOMIC DEVELOPMENT PLANNING AGENT FOR HETEROGENIOUS SIX-COUNTRY REGION SUGGESTS NEED FOR CAUTIOUS APPROACH ON PART OF USG.

4. TENTATIVE PROGRAM. EDWARD LIJEWSKI, LA/DR, WHO IS CURRENTLY ON TDY WITH USAID/PERU, PARTICIPATED IN MAY 15 MEETING WITH JUNTA OFFICIALS. HE MENTIONED \$200,000 AS TARGET FOR FY-75 T.A. FUNDING AND THIS IS BECOMING BASIS FOR DISCUSSIONS. JUNTA IS DEVELOPING DETAILS OF ASSISTANCE REQUEST, USING ELECTRONICS INDUSTRY AS REPRESENTATIVE EXAMPLE OF PROGRAMS TO BE FINANCED. JUNTA AND MISSION WOULD LIKE TO ADVANCE RAPIDLY IN NEGOTIATION OF PROGRAM. PROJECT DOCUMENTATION EXPECTED TO BE READY FOR SUBMISSION TO AID/W BY JUNE 7. DISCUSSIONS TO DATE WITH JUNTA HAVE BEEN BASED ON BLOCK-GRANT CONCEPT, GIVEN JUNTA'S SPECIAL OPERATING CONDITIONS DESCRIBED ABOVE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TECHNICAL ASSISTANCE, JUNTA, ECONOMIC ASSISTANCE, DEVELOPMENT PROGRAMS, NEGOTIATIONS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LIMA03942
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740125-0585
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740534/aaaabdwytel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. STATE 235688; B. LIMA A-101; C. S, TATE 100659
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 19 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 SEP 2002 by rowelle0>; APPROVED <10 JAN 2003 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ANDEAN PACT: TECHNICAL ASSISTANCE TO JUNTA
TAGS: EGEN, EAID, PE, ANCOM
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005